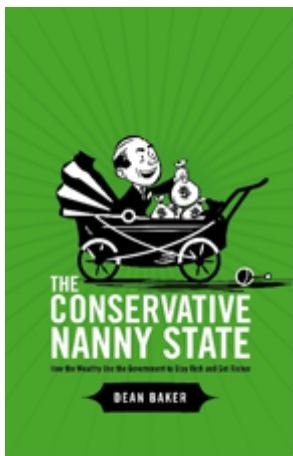


The Conservative Nanny State



For years, progressives have watched as both Democratic and Republican administrations have taken away what little remained of economic liberalism in this country. Bill Clinton, for example, took away what meager assistance the government paid to poor single mothers, signed NAFTA, and begun attempting to chip away at Social Security.

But even worse than these policy defeats are the conceptual defeats that underly them. As cognitive scientist [George Lakoff has argued](#) people think about politics through conceptual moral frames, and the conservatives have been masterful at creating frames for their policies. If the left wants to fight back, they're going to have to create frames of their own.

Enter Dean Baker, co-director of the Center for Economic and Policy Research and one of the people instrumental in fighting back against the most recent attempt to privatize social security (as author *Social Security: The Phony Crisis* he had plenty of facts to demonstrate that the crisis was, in fact, phony). He has a new book out, *The Conservative Nanny State: How the Wealthy Use the Government to Stay Rich and Get Richer*, which takes decades of conservative frames and stands them on their head. (Disclosure: I liked the book so much I converted it to HTML for them and was sent a free paperback copy in return.)

His most fundamental point is that conservatives are *not* generally in favor of market outcomes. For far too long, he argues, the left has been content with the notion that conservatives want the market to do what it pleases while liberals want some government intervention to protect people from its excesses.

No way!, says Baker. Conservatives *love* big government — only they use it to give money to the rich instead of the poor. Thus the conservative nanny state of the title, always looking out for crybaby moneybags to help.

Take, for example, trade policy. The conservative nanny state is more than happy to sign free trade agreements that let manufacturing jobs in the United States flee offshore. And they're happy to let immigrant workers come into the country to replace dishwashers and day laborers. But when it comes to the professional class, like doctors, lawyers, economists, journalists, and other professionals, *oh no!*, the conservative nanny state does everything it can (through licensing and immigration policy) to keep foreign workers out.

This doesn't just help the doctors, it hurts all of us because it means we have to pay more for health care. NAFTA boosters estimate that the entire agreement saved us \$8 billion dollars a year. Using competition to bring only doctor's salaries down the levels seen in Europe would save us *eighty* billion dollars — nearly \$700 per family per year, just from improved prices for doctor's. You'd see similar amounts from other major professions.

Baker's book is also one of the few to reveal the shocking secret behind the Federal Reserve Board you always hear messing with interest rates on the news. This unaccountable technocracy, most of whose members are appointed by banks, uses its power over interest rates to drive the economy into a recession so that wages won't get too high. That's right, the government tries to slow down the economy so that you get paid less. (Full details are in the book.)

Baker's book is also chock-full of fascinating new policy ideas. He points out, for example, that corporations aren't part of the free market, but instead a gift offered by the government. (A very popular one too, since companies voluntarily pay \$278B each year for it.) And because of this, there's absolutely no reason the government can't tweak its terms to make us all better off. For example, Baker points out that currently, corporate rules count shareholders who don't vote at all as voting in favor of whatever the director's of the corporation prefer. Baker suggests requiring that all CEO pay packages get approved by a majority of those actually voting, instead of letting major CEOs pick how much to pay themselves as they do now.

Or what about copyright and patents? Again, this isn't a law of nature, but a big government gift. People who really care about shrinking government would want to try to get rid of or shrink the laws that say the government gets to make rules about what songs and movies we can have on our personal computers.

Americans spend \$220 billion on prescription drugs, largely because of government-granted patents. Instead of handing that money to big drug companies, the government could spend far less (only a couple hundred million) funding researchers itself and making the resulting drug discoveries free to the public. College students spend \$12 billion. Again, the government could make free textbooks for one-thousandth that. And we spend \$37 billion on music and movies. Why not create an "artistic freedom voucher" (vouchers — a conservative favorite!) that can only be spent on artists who place their work in the public domain?

None of these would require outlawing the existing system — they could work side-by-side, simply forcing the existing drug, textbook, and movie companies to compete with this alternate idea. If their version works better, then fine, they'll get the money. But if not, there'll be no conservative nanny state to protect them.

Similarly, the government could expand the social security program, allowing every to buy additional personal accounts from a system with amazingly low overhead (.5% versus the 20% of private funds) and a 70-year track record of success. Or it could try to improve our pitifully-bad health care system by letting people buy into the government's Medicare program, which again has amazingly low administrative costs (did you know that, on a per person basis, we spend 80% of what Britain spends on health care altogether simply on administration?) and serious bargaining power to push down prices. Again, why not let the private

companies try their best to compete?

The book itself also discusses bankruptcy laws, torts and takings, small businesses, and taxes. And it goes in to far more detail on each of these subjects. And it's all available for free on the Internet, so there's no excuse for not reading it. It's an fun read, the kind of book that turns the way you think about the economy upside-down.

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